

OMERS

member news

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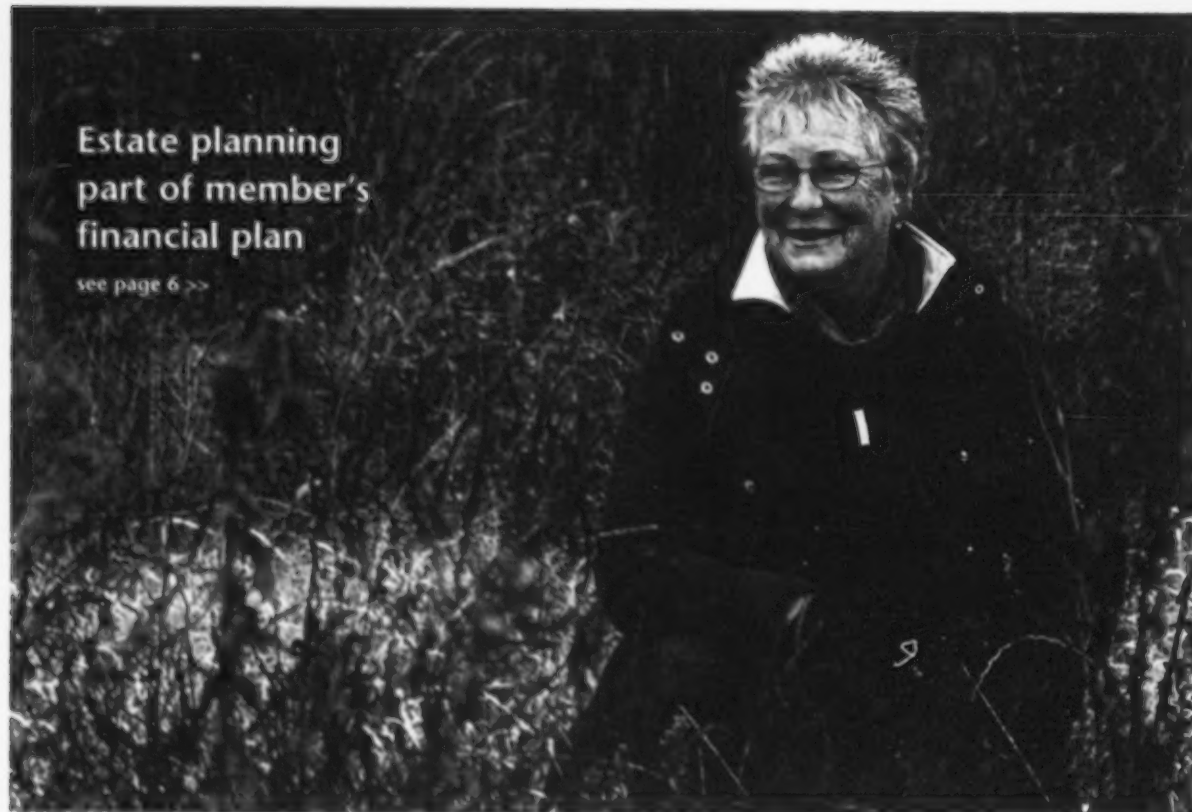
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OMERS SC announces Plan amendments

More stable inflation protection is among key changes to the Plan. A decision by the OMERS Sponsors Corporation (SC) provides a more stable annual increase to OMERS pensions. The SC also made three additional Plan changes related to contribution rate decisions, pension transfer values, and shortened life expectancy. Two other proposed changes were not approved by the SC. *Continued on page 2*

OMERS member, Jane Stevenson

OMERS

Plan for the Future

An OMERS pension will provide you with retirement income for life and includes inflation protection, early retirement options and survivor and disability benefits. Member News keeps more than 236,000 members up to date on plan news and benefits.

Continued from page 1

Inflation protection

Inflation protection is a powerful feature of the OMERS pension, protecting the value of future benefits for members and retirees. Each year, OMERS increases all pensions by 100% of the Canadian Consumer Price Index (CPI).

In the past, OMERS increased pensions by the September-over-September CPI increase. This method provided 100% inflation protection over the long term – but in the short term it has led to some volatility in the annual increases.

Specifically, over the past two years, the amount of the increase ranged from 3.36% in 2006 to a much lower amount of 0.7% in 2007. OMERS has heard from its retired members that they are concerned about this.

In the SC's decision to amend the Plan, which was effective with the January 1, 2008 inflation increase, the SC approved a different method. The new method takes into account the monthly average of the Canadian CPI for a 12-month period ending in October. This figure is compared to the average of the previous 12-month period, and OMERS will increase pensions by the percentage difference. This smoothed approach is intended to result in a more stable and less volatile annual increase.

The January 1, 2008 increase was 1.99%. The new inflation increase method aligns with the way the Canada Pension Plan (CPP) increases pensions. Many OMERS retirees receive CPP benefits and they will see annual increases consistent between OMERS and CPP.

The new and old methods both deliver 100% inflation protection over the long term. The new method is intended to provide the benefit in a more stable manner. OMERS inflation-protects all pensions. If you have

Plan changes not approved by the SC

Plan changes must receive a majority (two-thirds) vote of the Sponsors Corporation (SC). Two proposed changes were not approved and will not go forward at this time:

1. Extend normal retirement age 60 to paramedics – the normal retirement age for paramedics remains at 63 in the OMERS plan.
 2. Cap on contributory earnings – the proposal was to create a maximum for employers to cap a member's total pensionable earnings, e.g., at 150% of salary. Bonus earnings over that amount wouldn't be pensionable.
- These two plan changes can be revisited by the SC in future.

questions or comments about the new method, please send them to client@omers.com and to the Superintendent of Financial Services at FSCO, 5160 Yonge St., Toronto ON M2N 6L9.

Contribution rates

Previously, the OMERS Administration Corporation (AC) had the right to change contribution rates. This right was set out in the old *OMERS Regulation 890*, and carried over into the updated Plan text, the legal document that governs the Plan. This provision was deleted from the Plan text – essentially affirming that the SC makes ultimate decisions on contribution rates, as set out in the *OMERS Act, 2006*.

Pension transfer values

This plan amendment confirms an OMERS administrative practice for pension transfer values. OMERS has transfer agreements with many other pension plans, allowing members to transfer their benefits. The amendment affirms that the member is not entitled to any excess if there is a difference between the transfer value and commuted value (unless specified by the transfer agreement). This ensures consistent administration of transfers.

Shortened life expectancy

This amendment allows a "deemed termination" for OMERS members who apply for a shortened life expectancy benefit. Previously, OMERS could not pay the benefit until the member had officially ceased employment. Under the change, a member can continue to work and may be entitled to other employment benefits, such as medical benefits. OMERS deems that a termination has occurred for pension purposes and can pay the shortened life expectancy benefit. The benefit gives members with a shortened life expectancy the option to receive a lump-sum payment of their OMERS benefit.

Filing and registration

The four plan amendments have been filed with the Financial Services Commission of Ontario and the Canada Revenue Agency for registration.

Protocol for plan changes

The SC has established a protocol for proposing changes to the OMERS pension plans. Proposed plan changes will be considered by the SC according to this protocol, and in compliance with SC bylaws. For more information, visit www.omerssc.com or www.omers.com and select Sponsors Corporation.

OMERS AC Board appointments announced

John Sabo has been named Chair of the OMERS Administration Corporation (AC) Board for 2008. The Board also welcomes new members John Goodwin and Eugene Swimmer. At the same time, OMERS says farewell and thank you to departing Board Chair David Kingston and Board member Frederick Biro.

John Sabo, OMERS AC Board Chair

Mr. Sabo joined the Board in 2001 and chaired its Audit Committee for two years. He also served as Vice Chair for the past year and a half. He was elected as AC Board Chair in November, 2007.

Background in business administration and accounting: Chartered



Accountant, Master's Degree in Educational Administration, Bachelor's Degree in Mathematics, Chartered Director certification; currently the

Associate Director of Leading Services and the Treasurer of the Board for the York Catholic District School Board and current Vice-President of both the Ontario School Boards Financing Corporation and the Catholic School Boards Services Association; serves on various provincial school boards.

Pension leader: "On the AC our objective is first-class governance for the OMERS plan including oversight and policy-setting. Our members want to know the plan is well-run and managed," Mr. Sabo said. "We want to be a leader in pension plan governance."

John Goodwin, OMERS AC Board member

Mr. Goodwin was appointed by the Ontario Association of Police Services Boards effective November 15, 2007.

Background in law: graduate of Trinity College, University of Toronto and Osgoode Hall Law School; retired partner with the law firm of Osler, Hoskin & Harcourt LLP; past Chairman



of the Canadian Bar Association – Ontario Pension and Benefits Section; President of the Canadian Pension & Benefits Institute (1996-97); immediate

past chair of the Provincial Judges Pension Board.

Supports and serves on committees and Boards for many charitable and volunteer initiatives, including:

United Way of Greater Toronto, Executive Committee of The Big Sister Association (Toronto), People & Organizations of North Toronto; North Toronto Historical Society; Chancellor of the Diocese of the Arctic, Anglican Church of Canada for 13 years, served on the Board of Trustees, Trinity College and currently is a member of the Investment Committee (Diocese of Toronto).

Eugene Swimmer, OMERS AC Board member

Mr. Swimmer was appointed by the Police Association of Ontario effective January 1, 2008.

Background in economics and labour relations: M.A. in Economics, University of Chicago; Ph.D. in Labor Economics from the Industrial and Labor Relations School of Cornell



University; professor at Carleton University; statistical consultant to numerous Canadian government and non-profit agencies; received the

Gérard Dion Award in 2004 (highest award offered by the Canadian Industrial Relations Association); appointed to the RCMP Pay Council as compensation specialist representing employees (2007).

More information

Visit www.omers.com/Plan

Governance for information on the AC Board and its members.

The AC is responsible for administering the pension plan and investing funds to pay pensions. It is jointly governed by a Board comprised of seven employer and seven employee representatives.

OMERS recommends pension reform changes

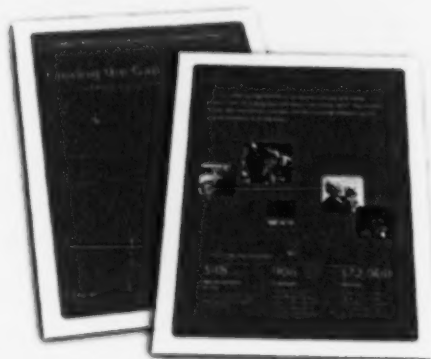
OMERS President and CEO, Michael Nobrega, appeared before the Ontario Expert Commission on Pensions to present OMERS submission, *Closing the Gap Between Pension Regulation and Best Practices*. This is a joint submission of OMERS Administration Corporation and OMERS Sponsors Corporation.

"At OMERS, our commitment is to optimize investment returns without incurring undue risks, thereby delivering pension benefits at affordable costs to our current and future retirees," Mr. Nobrega said. "In pursuit of this goal, we have several suggestions for regulatory reform. We believe these reforms

are not controversial and will strengthen the pension system in Ontario."

OMERS recommendations

OMERS is an example of a successful multi-employer defined benefit pension plan. The success stems from its unique structure of being jointly funded, jointly governed and jointly sponsored by the employers and members who contribute to the plan. The OMERS model (and its 40 years of experience) could serve as a template for solutions to many of the issues the Commission is considering.



Visit www.omers.com for a copy of OMERS submission to the Ontario Expert Commission and more information.

OMERS made four recommendations:

Recommendations	Reason
1. Amend the <i>Pension Benefits Act</i> to consist of the fundamental principles applicable to all pension plans in Ontario.	A principle-based approach to legislation is more flexible and enables regulation to evolve in step with industry best practices.
2. Exempt public sector jointly sponsored plans from the quantitative restrictions on pension fund investing.	Rules are outdated and impose complexities and costs that ultimately reduce investment returns.
3. Exempt public sector jointly sponsored plans from the solvency funding requirement.	Contribution rates and taxes will not need to increase to fund a wind-up scenario with negligible probability.
4. Enhance the regulatory relationship by moving to a more co-operative model and providing the regulator with additional tools and resources.	A consultative approach will result in more proactive oversight and enable plan administrators to act with greater certainty to the benefit of their members.

Background

November 2006: Ontario's Minister of Finance appointed an Expert Commission on Pensions to examine the legislation for pension plan funding, and the security of Ontario's pension system.

February 2007: the Commission released a discussion paper of issues, including the effects of a changing social and economic environment, and the role of defined benefit pension plans.

June 2007: the Commissioner met with Ontario's major public sector pension plans, including OMERS, to review the discussion paper and the Commission's approach.

October/November 2007: The Commission held public hearings across Ontario.

October 19, 2007: OMERS presented its submission to the Commission.

Future pension trend: phased retirement

The concept of phased or gradual retirement is generating a lot of interest: from employers who want to encourage older, experienced employees to continue working, at least part of the time, and from older employees who want financial security and a slower transition from full-time employment to full retirement. This is becoming more of an issue as the oldest of the baby boomers will reach age 65 in 2011.

In 2007, the federal government passed legislation designed to encourage older workers to work longer.

The legislation amends the *Income Tax Regulations* so pension plans can offer phased-retirement programs. The new rules allow defined benefit registered pension plans – such as OMERS – to pay up to 60% of accrued pension

to members who are at least age 55 and eligible for an unreduced pension, while the member continues to work and accrue further benefits. The first year an employee can accrue benefits under a defined benefit plan while in receipt of a partial pension is 2008.

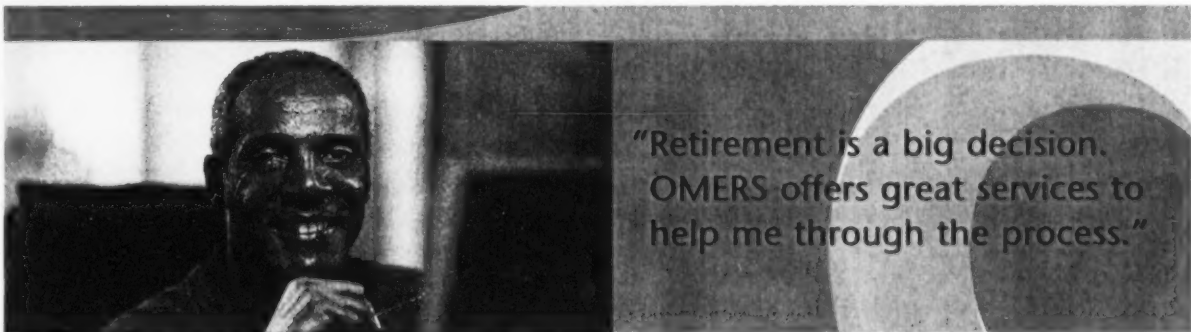
"We see these changes as a significant step in addressing the phased-retirement needs of Canadians," said Jennifer Brown, Senior Vice President, OMERS Pension Division.

The Ontario *Pension Benefits Act* (PBA) would have to be amended to allow plan sponsors to provide phased retirement. Once the PBA is amended, the Sponsors Corporation could approve an amendment to the Plan text to make phased retirement available to OMERS members.

Q&A What has to happen to make phased retirement available to OMERS members?

The Ontario *Pension Benefits Act* (PBA) would have to be amended by the province to allow plan sponsors to provide phased retirement. (We expect this to take some time.) Once the PBA is amended, the OMERS Sponsors Corporation would have to approve an amendment to the Plan text.

Currently, to receive an OMERS pension, a member must stop working for their OMERS employer. More specifically, a bona fide retirement must occur unless the member reached age 69.



"Retirement is a big decision. OMERS offers great services to help me through the process."

Ready to Retire?

Check out the "Getting Ready to Retire?" section on the OMERS web site to learn about the process and how OMERS can help you. You can also learn about early retirement options and hear from other OMERS members about their retirement planning.

Join us at meetings across Ontario

Attend one of our meetings to learn more about the key features of your OMERS pension including early retirement options, inflation protection and survivor benefits. Refer to the meeting schedule in this newsletter to find out the details for the next session nearest you.

Get the big picture of your retirement income

Use the Retirement Income Estimator on the OMERS website to find out how your OMERS pension fits into the big picture of retirement income, including government benefits and personal savings.

Looking at a retirement date?

Call Client Services to obtain a detailed estimate indicating your future OMERS pension.

To find out how OMERS can help you get ready to retire, visit www.omers.com or call OMERS Client Services at 416-369-2444 or 1-800-387-0813.

OMERS

Plan for the Future

Financial planning series wrap-up

In the past four issues of *Member News*, four OMERS members shared their financial planning stories...

Don Marsden



Start a financial plan

Don Marsden and his wife's financial planning helped the family stay on a solid footing and has set their kids on the same path. Saving for their kids' education was an important part of their plan.

Don's advice: It's never too late or too early to start a financial plan. A great first step is to evaluate your current financial status to help you plan for the future, whether for the next three months or the next ten years.

Jane Stevenson

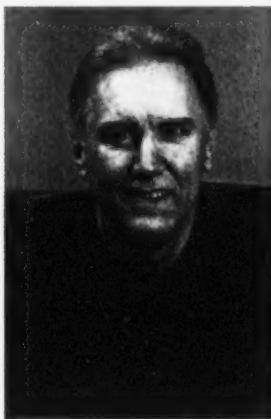


Estate planning

Jane Stevenson consulted a lawyer to draw up a will to protect her parents, who are in her care, in case anything happened to her. She also involved her children in the process of preparing her will and power of attorney.

Jane advice: Be prepared and draw up a will and power of attorney. Estate planning is important to your family's financial and emotional security. Also, think of ways to reduce estate taxes.

Greg Edwards



Tax breaks for retirement savings

Greg Edwards and his wife contributed to their registered retirement savings plan (RRSP) throughout their working lives.

Greg's advice: Save for your retirement to reduce your income tax. Canadians don't pay income tax on earnings set aside for retirement, or on the investment income earned on that money, until the funds come out of the registered plan.

Carolyn MacDonald



Planning for retirement

Carolyn MacDonald started planning for retirement by looking ahead to retirement.

Carolyn's advice: Consider all sources of retirement income in the planning process, as well as timing and other factors. Retirement planning also requires a balance of living for today while saving for tomorrow. Think about where your kids will be in terms of education. Will your mortgage be paid off? What about major purchases?

Share your story: OMERS members tell us that they enjoy reading the financial planning series.

If you would like to be featured in an upcoming series, please send an e-mail to feedback@omers.com.

This article is intended to provide information only. It is not intended nor should it be construed as providing investment, financial planning, tax or legal advice. OMERS is not endorsing any views that may appear in this article. Members' individual circumstances may differ and members should consult their own professional advisers when considering any particular investment or financial strategy.

OMERS capital partners hit the green

In September 2007, OMERS Capital Partners (OCP), the entity responsible for OMERS private equity investments, completed the acquisition of Golf Town Income Fund. The cost, including the assumption of debt, was approximately \$240 million.

Golf Town, headquartered in Markham, Ontario, is Canada's leading retailer of golf merchandise. Founded in 1998, it now operates 32 stores across

Canada employing over 1,200 people.

"We are pleased to have completed this acquisition. We look forward to working with the management team to

continue the growth and financial success of the business," said Paul Renaud, President & CEO at OCP.

OCP manages the private equity investment portfolio for OMERS, employing a team of experienced investment professionals. OCP has been investing in private companies for over 20 years and has helped businesses succeed across a wide range of industries. Visit www.omerscapital.com for more information about OCP.

Fairmont discount for OMERS members

In 2006, OMERS, through its real estate investment arm Oxford Properties, acquired seven landmark hotels from Fairmont Hotels and Resorts. The seven properties are: The Fairmont Banff Springs, The Fairmont Chateau Lake Louise, The Fairmont Chateau Whistler, The Fairmont Jasper Park Lodge, The Fairmont Vancouver Airport, Fairmont Le Château Montebello and Fairmont Kenauk at Le Château Montebello.

From time to time, Fairmont offers special programs to encourage Canadian groups to have an opportunity to enjoy an uniquely Canadian experience. To acknowledge OMERS ownership and to respond to interest expressed by various stakeholders of OMERS, Fairmont has a special program



The Fairmont Château Montebello is about a one-hour drive from Ottawa or Montreal. Visit www.fairmont.com/Montebello for more information.

to provide 10% off the best available rate to members and employees of OMERS.

Each hotel offers something special – for example, hiking in the Rockies at The Fairmont Chateau Lake Louise, sleigh rides at The Fairmont Chateau Whistler

or swimming in Canada's largest indoor pool at Fairmont Le Château Montebello.

To book your stay at one of our hotels with the 10% discount (subject to room availability and all applicable taxes), visit www.fairmont.com/omers or call 1-888-370-4141.

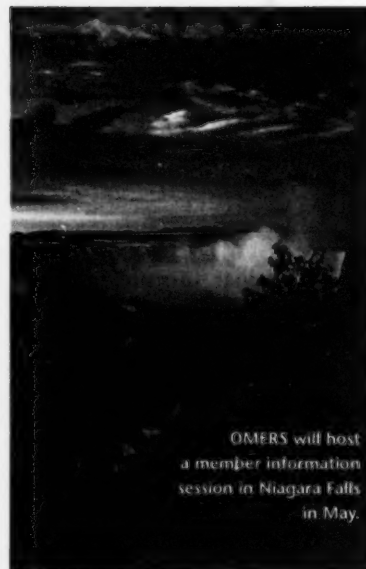
Plan for your future – with OMERS

Learn about your pension at an OMERS member information session. The sessions are fun and informative, and free of charge. Topics include early retirement options, inflation protection and survivor benefits.

Information sessions scheduled for January to June 2008
(5:30 to 7:30 p.m.)

Date	Location
January 30	Toronto West Valhalla Inn, 1 Valhalla Inn Road
February 7	Toronto North Centennial Public Library, 578 Finch Avenue West
March 10	Toronto Central Toronto Reference Library, 789 Yonge Street
March 26	Lindsay Lindsay Golf & Country Club, 282 Lindsay Street South
April 16	Windsor Caboto Club, 2175 Parent Avenue
April 29	Ottawa Holiday Inn Select Ottawa-Kanata, 101 Kanata Avenue
May 14	Sudbury Holiday Inn, 1696 Regent Street
May 21	Niagara Falls Sheraton Fallsview, 6755 Fallsview Blvd.
May 28	Brampton Holiday Inn Select, 30 Peel Centre Drive
June 11	New Liskeard Quality Inn (Francesco's), Hwy 11
June 25	Orangeville Best Western, 7 Buena Vista Drive

For meeting locations and to register, contact OMERS Client Services or visit OMERS website under Members/Information sessions. Register early. The sessions fill up quickly.



Moving? Tell your employer



When OMERS sends mail to you, we use the address provided by your employer. We count on your employer to have your current address. Please advise your employer of any changes.



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While the information in this newsletter is accurate at the time of publication, the OMERS Act, 2006 and Plan text are the governing sources for all plan provisions.